

FHLBoston

December 22, 2003

Federal Housing Finance Board
1777 F Street, N.W.
Washington, DC 20006

Attention: Public Comments

I write on behalf of the board of directors and the shareholders of the Federal Home Loan Bank of Boston (Boston Bank) to comment on the Federal Housing Finance Board's (FHFB) proposed rule requiring that the Federal Home Loan Banks (FHLBanks) register with the Securities and Exchange Commission (SEC).

The Boston Bank supports full and complete financial disclosure. Although we have requested a meeting with the SEC in early 2004, we are not convinced that SEC registration – as suggested by a proposed rule published by the FHFB in the September 17, 2003 *Federal Register* – is the optimal means of accomplishing that objective.

The FHLBanks have certain attributes bestowed upon them by the U. S. Congress, such as their cooperative structure, that are not fully compatible with SEC rules and regulations. The unique nature of the FHLBanks raises questions about the treatment of a number of complex accounting issues that reflect the FHLBank System's unique, cooperative nature. Ultimately, we are concerned that SEC registration could impair our ability to fulfill our public policy purpose, which includes the provision of funds to support affordable housing and community economic development.

Of particular concern is the impact of SEC registration on the FHLBanks' debt issuance process. The FHLBank System is unique as an issuer of debt securities. It borrows as many as 100 times per day through dealers who are very familiar with the FHLBank System. Few public corporations come close to this frequency of offerings. Any delay in the offering process would call into question the reliability of the FHLBank System, add costs to both the FHLBanks and their members, and ultimately impact consumers and homebuyers.

The Board of Directors of the Boston Bank remains committed to a full and complete disclosure regime. We look forward to working with the other FHLBanks, the FHFB and other interested parties in designing a system that meets the highest standards of disclosure while assuring the FHLBanks can continue to serve their public policy mission in a safe, sound and reliable manner.

Sincerely,



William P. Morrissey
Chairman of the Board